

EXHIBIT 16

Carol D. Leonnig, “Sen. Robert Menendez seeks
probe of alleged Cuban plot to smear him,”
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Politics

Sen. Robert Menendez seeks probe of alleged Cuban plot to smear him



By **Carol D. Leonnig** and **Manuel Roig-Franzia** July 7, 2014

Sen. Robert Menendez is asking the Justice Department to pursue evidence obtained by U.S. investigators that the Cuban government concocted an elaborate plot to smear him with allegations that he cavorted with underage prostitutes, according to people familiar with the discussions.

In a letter sent to Justice Department officials, the senator's attorney asserts that the plot was timed to derail the political rise of Menendez (D-N.J.), one of Washington's most ardent critics of the Castro regime. At the time, Menendez was running for reelection and was preparing to assume the powerful chairmanship of the Senate Foreign Relations Committee.

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According to a former U.S. official with firsthand knowledge of government intelligence, the CIA had obtained credible evidence, including Internet protocol addresses, linking Cuban agents to the prostitution claims and to efforts to plant the story in U.S. and Latin American media.

The alleged Cuba connection was laid out in an intelligence report provided last year to U.S. government officials and sent by secure cable to the FBI's counterintelligence division, according to the former official and a second person with close ties to Menendez who had been briefed on the matter.

The intelligence information indicated that operatives from Cuba's Directorate of Intelligence helped create a fake tipster using the name "Pete Williams," according to the former official. The tipster told FBI agents and others he had information about Menendez participating in poolside sex parties with underage prostitutes while vacationing at the Dominican Republic home of Salomon Melgen, a wealthy eye doctor, donor and friend of the senator.

A spokesman for the Cuban Interests Section in Washington, which functions as the island's U.S. diplomatic outpost, did not respond to requests for comment.

The allegations against Menendez erupted in public in November 2012,

when the Daily Caller, a conservative Web site, quoted two Dominican women claiming Menendez had paid them for sex.

The FBI investigated the prostitution claims but was unable to corroborate them. Last year, three Dominican women who had initially claimed to reporters that they had been paid to have sex with Menendez recanted their story.

Investigators in the Justice Department's public-integrity division continue to probe whether Menendez used his position to benefit Melgen's business interests, according to two people familiar with the inquiry.

The April letter from Menendez's attorney to the Justice Department has not been made public. The attorney, Stephen M. Ryan, confirmed that he sent the letter but declined to comment on its contents.

"It is deeply disturbing that a foreign government whose intelligence service is an enemy of the United States might try to influence U.S. foreign policy by discrediting an elected official who is an opponent of the Cuban regime," Ryan said.

CIA spokesman Dean Boyd declined to comment. Spokesmen for the Justice Department and FBI declined to comment on whether their offices were made aware of the intelligence information or whether they took any actions as a result.

There was no indication that the information gathered by U.S. intelligence officials alleging Cuba's role in the Menendez case had been fully investigated or proved.

According to the former U.S. official familiar with the intelligence, the information suggested that Cuban operatives worked through business allies and lawyers in the Dominican Republic to create the fictitious tipster.

The former official said the U.S. intelligence community obtained information showing that Cuban operatives allegedly attempted to lend credence to the timeline of the prostitution allegations by tracking flights on Melgen's private plane that Menendez made for visits to the elite Casa de Campo resort, where the eye doctor has a home.

The FBI's investigation into the prostitution claims was part of the broader and more substantive Justice Department inquiry into the Menendez-Melgen relationship.

Menendez twice intervened with top federal health-care officials to dispute their agency's finding that Melgen had overbilled Medicare by \$8.9 million for eye treatments at his clinics. The senator also urged top officials at the State and Commerce departments to use their influence over the Dominican Republic to enforce a port security contract for a company in which Melgen was part owner.

The status of the larger probe is uncertain. But according to two people familiar with the investigation, the Justice Department's public-integrity section and FBI agents are actively pursuing the inquiry and eyeing possible charges against Menendez.

If assertions of Cuban involvement in the prostitution claims were ever proved true, they would represent another flash point in a lengthy history of tensions between the United States and Cuba. In recent months, the U.S. Agency for International Development was forced to confirm the existence of a secret program to create a Twitter-like network in Cuba. The two nations have been at odds over the imprisonment in Havana of a USAID contractor, Alan Gross, accused by Cuba of spying, and they have clashed over the imprisonment of Cuban spies in the United States.

Havana has sought to build support within the United States for ending the half-century trade embargo that has squelched development on the island. And increasingly, U.S. businesses seeking untapped new markets have been

pushing to ease the sanctions.

Last month, Thomas J. Donohue — president of the U.S. Chamber of Commerce and a critic of Cuba sanctions — argued for more-open business relations between the countries after a visit to Havana. Some prominent Cuban American executives who have long backed the embargo have also begun to soften their stance, such as sugar tycoon Alfonso Fanjul, who revealed this year that he had visited the island and was open to doing business there someday. And President Obama, who has loosened some restrictions, has signaled a willingness to do more.

But Menendez, with a long-hardened resolve and a key seat overseeing U.S. foreign policy, is perhaps the single most important obstacle to normalizing relations.

Enrique Garcia Diaz, a former high-ranking Cuban spy official who defected and is now living in the United States, said in an interview that it was routine for Cuban intelligence officials to plant damaging news stories about opponents of the regime.

“From the moment that article about Senator Menendez was published, I suspected that it was an invention of Cuban intelligence, because that is the way they work. It is their modus operandi,” he said. “They fabricate lies. They look to create intrigue.”

The Cuban government has previously sought to embarrass Menendez, according to a book by an FBI informant who worked undercover in Cuba. In “Ruse: Undercover with FBI Counterintelligence,” Robert Eringer wrote that the Cuban government asked him to try to dig up unflattering information to “expose and humiliate” Menendez.

Eringer said Cuban officials who approached him were “obsessed” with generating scandalous information about Menendez and other Cuban Americans in Congress who opposed normalized relations.

The FBI's Miami field office began its probe into the Menendez prostitution allegations in August 2012 after receiving copies of e-mails that "Pete Williams" sent to a liberal watchdog group, Citizens for Responsibility and Ethics in Washington. CREW said the tipster began corresponding with its investigators that spring, but they told the FBI they were unable to meet Williams in person or corroborate the claims.

"My duty as a US citizen obligates me to report what I consider a grave violation of the most fundamental codes of conduct that a politician of my country must follow," the tipster, identified as Williams, wrote to CREW in an April 2012 e-mail, claiming "first hand information" about Menendez's participation in "inappropriate sexual activities with young prostitutes."

The allegations first became public on Nov. 1, 2012, days before Menendez stood for reelection, with the Daily Caller reporting that two women said they had met Menendez around Easter that year at the Casa de Campo resort and that Menendez paid them for sex acts.

ABC News said it was introduced to the women and their story by Republican operatives at the same time but decided against going with the story, because the women appeared coached and were not able to provide identification cards.

The FBI spent months in 2012 and 2013 looking into the prostitution claims against Menendez, executing search warrants and sending multiple agents to the Dominican Republic to question people on the island, including Melgen's housekeeper and staff.

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But agents visiting strip clubs and Casa de Campo haunts that fall and winter never turned up evidence tying Menendez to prostitutes, two people familiar with the case said. They also were never able to link the "Pete Williams" e-mails back to a real person.

The FBI spokesman for the Miami field office, Michael Leverock, declined to comment for this article.

Tucker Carlson, editor in chief of the Daily Caller, said in a phone interview that it would be a major shock to him if the Cuban government spooled out a story that his reporters ran with — but that it's also a hard claim for him to verify.

"I really can't assess it without more information," Carlson said. "It's bizarre on its face, but also fascinating."

Anne Gearan, Adam Goldman and Alice Crites contributed to this report.

Carol Leonnig covers federal agencies with a focus on government accountability. 🐦 Follow @CarolLeonnig

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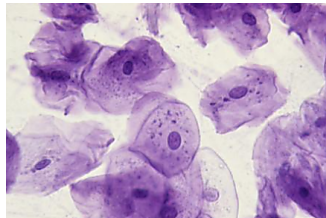
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